Changes for the New Century
Recent legislation and its impact on PTO

Before adjourning for the 1999 legislative session, Congress passed landmark patent reform legislation that will have a number of significant impacts on the U.S. Patent and Trademark Office. This action came after four years of often-acrimonious debate, and it represents an important step forward for the U. S. patent system and the PTO.

The patent measures, which are part of the $390 billion omnibus spending package signed by the President on November 29, 1999 (P.L. 106-113), contain the most significant changes in our patent system since passage of the 1952 Patent Act. They will fundamentally restructure the PTO and alter the nature of the agency's operations. Perhaps most importantly, they will enable the PTO to provide better services and be more responsive to its customers.

One of the most significant portions of the patent reform bill is its restructuring of the PTO into a performance-based organization, or PBO. In fact, the PTO will now be only the second federal agency in history to be a PBO, after the Education Department's Office of Student Financial Assistance.

In keeping with Vice President Gore's successful reinventing government initiatives, the PBO provisions give the PTO the flexibility and independence to operate more like a business, with greater autonomy over its budget, hiring, and procurement. As a PBO, the PTO will be exempt from employee hiring caps, and the individuals who serve as the new Commissioner of Patents and the Commissioner of Trademarks will be eligible for performance-based bonuses. The PBO provisions also allow the PTO to move ahead on relocation to the Carlyle site in Old Town, Alexandria — a five-building PTO campus with 2 million square feet of office space.

The PBO title envisions the PTO as an organization with two separate operating units: the Patent Office and the Trademark Office. As of March 29, 2000, an individual, appointed by the President, with the dual title of Under Secretary of Commerce for Intellectual Property and Director of the

PTO will head the agency. Below that will be a Deputy Director, who will be nominated by the Director and appointed by the Secretary of Commerce. Under the Deputy Director the Secretary will appoint a Commissioner for Patents and a Commissioner for Trademarks, each for five-year terms. A Patent Public Advisory Committee and a Trademark Public Advisory Committee, each with nine members, will also be established to advise the Director on agency policies, goals, performance, budgets, and user fees. Representatives of PTO employee unions will be able to serve as non-voting members on both committees.

With this new agency status, PTO may be able to retain 100 percent of its fee revenue in the future. However, the PTO will still be subject to the annual appropriations process.

Of all the bill's substantive patent law provisions, the pre-grant publication of patent applications will likely have the greatest impact on PTO operations. Effective November 29, 2000, patent applications also filed abroad will be published 18 months after the U.S. filing date, unless the applicant requests otherwise upon filing and states that the invention has not been and will not be the subject of an application filed in a foreign country.

This publication will allow American inventors to see an English language translation of the technology that their foreign counterparts are seeking to protect at a much earlier point than today. It will give applicants a reasonable head start and allow others to understand the state of the art so that they can improve upon it and make wise R&D investment decisions. In addition, because the PTO will be publishing patent applications, more prior art will be available than ever before.

The PTO has a number of decisions to make about the nature of this publication. While the decision has been made that it will be in electronic form, the PTO still must decide if the publication will be of the application as originally filed or as it looks later on in the process. Moreover, it has not been determined how much public access will be provided to the applications.

The PTO's over-arching goal is to put out a meaningful publication, at a reasonable cost, that is useful for both examiners and the public as a whole.

The bill's provisions to help guarantee a 17-year patent term for diligent applicants go into effect on May 29, 2000. Although this will not be an issue in most cases, day-for-day extensions of patent term will be made available for the PTO's failure to:

- notify an applicant of rejection or allowance of a claim within **14** months after filing;
- respond to an appeal or a reply to an office action within **4** months;
- act on application within **4** months after a decision by the Board of Patent Appeals and Interferences or a decision by a federal court; and
- issue a patent within **4** months after the issue fee was paid.

Fortunately, the PTO currently meets these time frames in most technology areas. Still, these deadlines have major financial and human resources implications.

The final, key patent law revision in the bill establishes a reexamination alternative that would expand the participation of third-party requesters. It is designed to reduce litigation in district courts and make patent reexamination a more viable and affordable alternative to litigation.

Specifically, the bill gives third-party requesters the option of inter-partes reexamination procedures, in addition to current ex parte reexam. The third party is provided the opportunity to respond, in writing, to an action by a patent examiner, but only when the patent owner does so. Those third-party requesters would not be able to appeal adverse decisions outside the PTO and would not be able to challenge, in a later civil action, any fact determined during the process of the reexamination.

As this is the PTO's first effort at inter-partes reexamination, it presents some challenges. Rules and processes must be put into place in order to ensure timely handling of cases, while at the same time having measures in place to tackle inappropriate delaying tactics.

The final rule for the fee provisions in the statute was published in the *Federal Register* on December 3, 1999. The $50 reduction in patent filing fees and the $110 reduction in patent maintenance fees took effect on December 29, 1999. This is the second year in a row patent fees have been reduced, saving inventors about $30 million annually. The adjustment in trademark fees will take effect on January 10, 2000.

Although the new rules for helping to protect inventors against deceptive practices of invention promotion companies have not been completed, they will provide several procedures to assist inventors. For example, filing complaints involving invention promoters, procedures for notifying the invention promoter of the complaint, procedures for an invention promoter to reply to the complaint, and public access to the complaint and the reply will help to counter scams.

Implementing all of these changes in the statute is going to be quite an undertaking and will cost between $10-$20 million. Given that the PTO's fiscal year 2000 budget is $30 million less than requested, and that Congress has limited our access to fees earned from incoming work in excess of our projections, the PTO faces some difficult decisions in the months ahead.

Of course, even with these difficulties, the statute's organizational and patent law changes will go a long way in helping the PTO and the U.S. intellectual property system meet the challenges of the 21st century. Taken together, the provisions represent an important step forward for the agency.

Key Provisions of P.L. 106-113

- Title A provides new measures to protect inventors against deceptive practices of invention promotion companies.

- Title B reduces patent filing fees by $50 and patent maintenance fees by $110. This is the second year in a row patent fees have been reduced, and it will save inventors about $30 million annually. Title B also allows adjustment of trademark fees to ensure that trademark operations aren't subsidized by patent fees.

- Title C provides a limited defense against patent infringement to inventors who developed and used a business method prior to that method being patented by another party.

- Title D guarantees a minimum 17-year patent term for diligent applicants, so that they are not penalized for certain PTO processing delays or for delays in the prosecution of applications pending more than three years. Day-for-day extensions of patent term would be available

for delays in issuance of a patent due to interference proceedings, secrecy orders, and appellate review.

- Title E requires publication of patent applications 18 months after filing, unless the applicant requests otherwise upon filing and states that the invention has not been the subject of an application filed abroad.

- Title F provides for an optional inter-partes reexamination process for reviewing patent validity.

- Title G establishes the PTO as a performance-based organization, subject to policy direction by the Secretary of Commerce, with substantial autonomy in decision-making about the management and administration of our operations. It allows us to exercise independent control of our budget allocations and expenditures, personnel decisions and processes, and procurements and other functions.

Commissioner's Page

Happy New Year, and welcome to the first on-line issue of the PTO TODAY. I look forward to bringing you up to date on the issues that affect you, whether you are seasoned patent or trademark applicants, intellectual property attorneys or agents, or students, teachers, and parents learning about our intellectual property system for the first time.

In my regular column, right here on the Commissioner's Page, I will discuss the topics that are high on my priority list for keeping this agency responsive to its customers' needs and expectations. Just recently, some of you told us what we are doing right and where we need improvement. I'd like to begin the New Year by sharing that information with you.

Business at the PTO is booming. Patent filings are up over 25 percent in the last two years, and trademark applications are up nearly 25 percent this year alone. In fact, our workload is up over 60 percent since the beginning of the Clinton Administration.

This past year we received 270,000 patent applications and granted 161,000 patents. We received 290,000 trademark applications and registered 104,000 marks.

The challenges of managing this growth, improving the quality of the work we do, and preparing our intellectual property systems for the demands of the global electronic marketplace are significant — and often stressful. Thanks to the dedication and commitment of all our employees, however, the PTO is rising to meet these challenges.

Our overarching goal at the PTO is to provide our customers with the highest level of quality and service in all aspects of our operations. Our customers, of course, determine quality.

That is why for the last four years the PTO has mailed out comprehensive surveys to our patent and trademark customers. In 1999, for example, we mailed out more than 7,500 patent surveys and received responses from 35 percent of those surveyed. Of the respondents to the patent survey, 66 percent were from law firms, 16 percent were from large businesses and 11 percent were individual inventors. About 75 percent of the respondents

contact the PTO often during the year. Over 80 percent of the respondents are continuous customers and another 7 percent are frequent customers. In Trademarks, 1200 surveys were mailed out with a 41 percent response rate. About 75 percent of respondents in Trademarks were from law firms, 12 percent from large businesses, and 3 percent were individual applicants. Over 70 percent of trademark respondents identified themselves as continuous customers of the PTO and 8 percent as frequent customers.

The results? Well, I am very pleased to report that our customers have given us good news: quality is up at the PTO — in virtually every area. Overall, customer satisfaction in the patents and trademarks areas increased by 5 percentage points and 6 percentage points, respectively.

In the patent area, overall satisfaction stands at 57 percent, up from 52 percent a year ago. That is the largest increase in the history of the surveys. Not only that, the dissatisfaction rate dropped 5 percentage points — to below 20 percent. Additionally, all the key drivers of customer satisfaction showed significant improvements, between 7 and 11 percent. Responses to 27 of 29 items in the patent area improved over last year, and the majority of the improvements are in the 6 to 10 percentage point range.

Satisfaction with the quality of our patent searches, one of the key drivers of overall customer satisfaction, increased 8 percentage points. In fact, we have seen a nearly 20 percentage point increase in satisfaction with search quality in the last three years.

In looking at the patent survey overall, respondents were most satisfied with the courtesy of the PTO staff, the application process, the outcome of the examination process, and examination quality. All of these key items are indicative of the high level of interest Patent employees have demonstrated in providing good customer service. Respondents were least satisfied with the handling of problems, timeliness of the process and certain timeliness standards such as status letters, faxes and filing notices. The PTO continues to work to improve these areas.

In comparing survey results to 1998, over one-third of respondents reported better service in the timeliness of filing receipts, the timeliness of the patent grant, and in the proactive individualized service they now experience. The only area in which about one third reported inferior service was in the

accuracy of filing receipts, and the PTO has a new quality initiative dedicated to improving that area.

In the trademark area, overall satisfaction increased by 6 percentage points to 69 percent and dissatisfaction declined by 3 percent. This is the largest increase in customer satisfaction we've ever seen in trademarks. All comparable items improved in satisfaction over 1998 levels and 15 of 27 items improved by more than 5 percent.

In looking at the trademark survey overall, respondents were most satisfied with the courtesy of the trademark staff, the use of the phone by employees to deal with examination issues, and the amount of time needed to submit required information. Respondents were least satisfied with handling of delays and with the amount of time needed to get classified and unclassified paper copies to the Trademark Search Library.

The timely mailing of abandonment notices, fairness of the examination process, and the timely response to status letters and phone calls had the largest increases in satisfaction from 1998. Eighty-seven percent of the respondents expressed satisfaction with the courteousness of their treatment, and 77 percent indicated satisfaction with the clarity of examining attorney communications.

The Trademark Electronic Application Filing System (e-TEAS) also received high marks from its users. Even though there was a small number of respondents in this area, 80 percent of those responding were satisfied with ease of access to the electronic filing system, ease of use of the on-line form, clarity of instruction, and ease of payment.

Respondents were given the opportunity to write-in their comments reflecting both positive and negative experiences with PTO services. In the Patents area, over 76 percent of respondents took this opportunity to tell us how we are doing and 69 percent of trademark respondents took this opportunity. This is a very high written comment response rate for a survey of this type. Clearly our customers are very interested in having their voices heard.

I'd like to share some actual quotes from the surveys with you. You will notice that the comments are consistent with the quantitative findings.

Our patent customers told us:

- *I am pleased with the customer approach to processing patent applications as opposed to the previous, sometimes adversarial approach.*

- *Examiners seem flexible and interested in working with applicants to allow patentable subject matter to grant.*

- *Improvements in performance and professionalism among USPTO examiners and staff have been noticeable over the last 5 years. Costs have also been managed well. We continue to be impressed by the quality of our patent office, particularly in comparison to some foreign patent offices where expediency, economy, and courtesy are seldom encountered.*

Our trademark customers told us:

- *The examiners are often eager to work with you, and to explain their positions.*

- *Examining attorneys seem to make an effort to handle informalities over the telephone which often accelerates the registration process 6 or more months.*

- *The trademark examining attorneys are knowledgeable, helpful, friendly. They are proactive. They all care about the process and about the ultimate client, the applicant! Far more helpful than the typical U.S. Government employee.*

I am extremely pleased with the overall outcome of this survey. PTO employees have worked hard over the last year to improve pendency, quality, and customer services. We have achieved success in many areas. However, as pleased as we are to see customer satisfaction increase, we recognize the need to continue to improve our processes. Our efforts to increase quality in all areas and particularly to address the areas of customer concern will continue throughout 2000 and beyond.

It's All in the Claims

Don't judge software and business method patents before reading their claims

Do you ever wonder why U. S. patents issue on inventions with titles, such as, "Electronic Wallet System"[1], "On-Line Shopping System"[2] or "Office-Supplies Management Systems"[3]? Can technology described in such common terms really be new? As an old cliché goes, "You never judge a book by its cover!" Well, the same should be said about U.S. patents. Never judge a patent by its title!--as a matter of fact, you can't judge a patent by its title, the drawings, the abstract, or even the detailed disclosure. With respect to patents, it is the claims that count.

Unfortunately, too many pundits completely ignore a patent's claims and make judgments based solely on the patent's title or abstract. This is particularly true in one of the current hot-spots the intellectual property--software and business method patents. Many of those commenting on software and business method patents focus on the broad idea or concepts embodied in the disclosure with little or no analysis of the heart of the patent, the claims. Such slipshod analysis, although quick to grab your attention, is extremely misleading about the actual legal rights conveyed in the patent.

The claims in a patent describe an invention without unnecessary details and recite all essential features necessary to distinguish the new invention from what is old. It is these claims that grant the intellectual property rights, defining the metes and bounds for th eprotection granted in the patent, and describing what the patentee may exclude others from making and using during the term of the patent.

Claims, however, cannot be interpreted in a vacuum. An accurate reading of claims must be done in the context of the specifications by someone skilled in the invention's technology. The burden of proof for determining the patentability of the claims in an application is on the patent examiner, who is a highly skilled professional in the technology being examined.

The examiner must use the claims in the application to determine whether the invention is patentable over the prior art and whether granting the patent could possibly infringe upon an exxisting patentl During prosecution of an

application, the claims may be modified or limited by any arguments presented and/or amendments entered by the examiner, applicant's attorney, and/or the inventor. If the patent examiner cannot locate prior art that meets the claim limitations, then the patent examiner must allow the application, and a patent will be issued.

Examination and interpretation of patents are a complex amalgam of science and intellectual property law, making it impossible for one to merely look to the title, specification, and/or drawings of a patent and pass judgment on its validity. So the next time you see an article or commentary questioning a patent because the idea is old or well known, remember that the truth is in the claims.

1. United States Patent 5,987,438, Issued November 16, 1999.
2. United States Patent 5,983,199, Issued November 9, 1999.
3. United States patent 5,983,202, Issued November 9, 1999.

Y2K: PTO Automated Information Systems Didn't Miss a Beat

Five!...Four!… Three!… Two!… One! Happy New Year and welcome to the new millennium! This now all too familiar scenario played out countless times as people celebrated in every corner of the globe when the clock struck midnight on January 1, 2000. But not all U.S. Patent and Trademark Office employees were at THE party of the millennium. As the clock approached midnight, a dedicated staff of PTO employees and contractors focused intently on computer screens at the PTO Data Center in Arlington, Virginia, wondering if the years of preparation would pay off.

One minute past midnight. Then five. Then ten minutes. Nothing. Nadda. Barely a burp.

Achieving those welcome results did not come without years of planning. The PTO began readying its 57 automated systems for the new millennium in 1997. Systems that were non-Y2K compliant were fixed, tested, and tested again. Systems that couldn't be fixed were replaced. Additionally, the PTO conducted tests on mission critical infrastructure software including the Windows NT and UNIX operating systems.

Last summer, the PTO conducted readiness testing using several "Day One" scenarios. Day One testing involved setting computer clocks forward and simulating the new-year rollover. During the weekend of July 24 and 25, 131 employees and contractors conducted or monitored Day One tests of 18 mission-critical systems. None failed.

In preparation for the new millennium, PTO effectively shut down all automated systems at midnight on December 30 as a precautionary measure. All systems were brought back on line on January 1 and individually verified compliant to ensure normal business operations on January 3. Each program manager signed his/her name to attest that they were fully satisfied that his/her systems were working properly.

During the New Year's weekend, over 200 PTO programmers, engineers, analysts, and operations support personnel were on hand to ensure the Y2K bug wouldn't bite. And we're happy to report that it didn't.

A Trend Setter in the Information Age

The PTO's Trademark Electronic Application System saves applicants time and money. http://teas.uspto.gov

The U.S. Patent and Trademark Office is pleased with the success of TEAS– the Trademark Electronic Application System. Although only about 6 percent of trademark applicants are using TEAS now, as more people learn of the advantages to using TEAS over paper filing, they are using the electronic system very effectively. Electronic filings have increased dramatically over the past year. In September 1999, 2,602 applications were filed using e-TEAS up from 968 filed in December 1998.

TEAS allows an applicant to fill out an application form and check it for completeness on-line. Using e-TEAS, an applicant then submits the application directly to the PTO over the Internet, paying by credit card or deposit account. Or, using PrinTEAS, the applicant prints out the completed application for mailing to the PTO, paying by check or deposit account.

When you use e-TEAS, a temporary receipt with the serial number is issued moments after filing, and an electronic message is sent via e-mail to confirm receipt. The web site server is open 24 hours a day, 7 days a week, 365 days a year and issues a filing date up until midnight EST.

Electronic filing has many advantages over filing on paper via mail or express delivery services, including:

- A dramatic increase in the speed with which applications can be filed;
- The ability to receive a filing date up until midnight EST rather than an earlier time (often 5 p.m.) using the U.S. Postal Service Express Mail certificate procedure;
- Saving a great deal of money on Express Mail postage and fax charges and/or courier delivery costs, because electronic applications are created, reviewed and filed electronically using the Internet; and
- More efficient review of applications because they are in a standard format recommended by the PTO.

Many attorneys express a concern about obtaining the signature of their client on the application because the client is in another city. This concern was resolved by making the application "portable," which means that it can

be filled out by the applicant's attorney and e-mailed to the applicant for signature, and then returned by e-mail to the attorney for filing at the PTO. The signature that is used is any combination of alpha-numeric characters placed between two forward slash symbols (/). For example, /john smith/ or /js/ or /s123/ would all be acceptable signatures. This is totally at the discretion of the signatory, and does not require approval by the PTO. [NOTE: Effective October 30, 1999, the Trademark Law Treaty Implementation Act eliminated the specification of the appropriate person to sign on behalf of an applicant, which makes the signature requirement less cumbersome.]

Because electronic applications can be prepared and passed around via e-mail almost instantaneously, the speed for filing can increase dramatically. For example, a large multi-national corporation based in Europe that has used the system extensively has cut the average time to file an application from five to seven working days to less than two. In the past, they drafted applications on a word processor in the United States, e-mailed them to Europe to be printed out, signed, and then faxed or mailed them back to their U.S. office to be filed at the PTO. Their e-TEAS applications are filed by counsel in the U.S., sent via Internet e-mail to Europe, signed electronically, and returned to counsel in the U.S. for immediate filing. In one urgent situation, an application was drafted in the United States, sent via e-mail to Europe, signed, returned, and filed at the U.S. Trademark Office in just 32 minutes.

The extended operating hours of the e-TEAS system also offers substantial benefits. Because six-month Paris Convention priority deadlines are statutory, being able to file so quickly and getting the benefit of up to seven extra hours before a filing date passes may be crucial. Using the paper system, a filing date may be lost if the application is not filed at the PTO by 5 p.m. EST, or at least mailed via Express Mail by the time the post office closes. e-TEAS enables you to file until midnight, providing applicants on the East Coast an extra seven hours and those on the West Coast an extra four hours for filing.

Finally, cost savings may be substantial. A company or law firm that files a large number of applications each year can essentially cut the out-of-pocket postage and/or fax expenses for filing an application from $15-20 down to nothing, simply by using e-TEAS and the Internet. For example, it may cost $3-4 in long distance charges to fax an application to a client for review and signature and have it faxed back. It then costs $10.95 to use Express Mail to

forward the application to the PTO. e-TEAS costs nothing. The application is created electronically, sent via e-mail to the client for review and signature, returned via e-mail, and filed electronically. Savings could be substantial over the course of filing hundreds of applications.

Through the development and implementation of TEAS, e-TEAS and PrinTEAS, the PTO has established itself as a trend-setter in the information age. It will continue to move into the new millennium with electronic patent filing, paperless assignment recordation and other innovations yet to be imagined.

Next Online Dialog with Commissioner of Patents and Trademarks Scheduled in February

On Thursday, February 10, 2000, between 1:00 p.m. and 2:00 p.m., Commissioner Dickinson will be available online to answer questions from the agency's customers and the public on issues related to the work of the PTO.

Participants will log on to PTO's Web site between 12:45 p.m. and 2:00 p.m. on February 10 and click on the home page link marked, "Online Conversation with the Commissioner," and follow the instructions. Participants have the option of joining as questioners or observers.

New Tools to Fight Scams
PTO embarks on a TV/Radio campaign and will publish complaints concerning invention marketing firms

Skip the scam! warns the announcer on the U.S. Patent and Trademark Office's national media advertisement. Produced as public service announcements, these 30- and 60-second TV/radio spots reflect PTO's ongoing campaign to counter the nationwide marketing efforts of scandalous invention promotion firms. Each year, such scams are known to take $200 million or more from the pockets of would-be entrepreneurs, all too often impacting those who can least afford it--the poor and the elderly. Anxious to hear flattering feedback about their inventions, novice inventors fall easy prey to the practiced dialogue of invention promotion firm salesmen.

An initiative of the Office of Independent Inventor Programs, the PTO's anti-scam campaign includes the distribution of the media spots for voluntary broadcasts by radio and TV stations throughout the country. Additionally, the PTO has sponsored paid announcements in cities in the states of Florida and California where such scams are rampant.

Partnering in the media distribution efforts will be the Federal Trade Commission, concentrating in the many regions where the FTC has offices and network connections. Others stepping in to help with this massive undertaking will be the American Bar Association/Intellectual Property Law Section, and inventor organizations under the umbrella of the United Inventors Association of the USA.

The recently passed Patent Reform Bill provides the PTO a new mechanism to bolster continuing efforts to counter scurrilous invention promotion services. Shortly the PTO will begin exercising its new authority to accept complaints about invention promoters. After giving the invention promoters a reasonable opportunity to respond, the Office of Independent Inventor Programs will make the complaints available, along with the promoters' responses, if any.

The PTO will take no action against invention promoters, but the newly created complaint register will provide an invaluable point of reference for inventors and small businesses struggling to navigate the pathway from workbench to market. Plans are to publish the complaint register on the

PTO's Home Page, and to make it readily available in the PTO's Public Search Room.

Of course, reputable invention promoters do exist, and their capable services can be crucial to inventors seeking evaluations, market analyses, and prospective manufacturers. Recognizing the scam can be difficult for the untutored. But, there are a few common traits that should signal a need for caution.

Reputable invention promoters do not set unreasonable fees, and may often base their charges on a percentage of subsequent income from the invention. Large up-front fees, significant step-up charges, and credit schemes are typical of the scam perpetrators. While a patent search may be offered at what appears to be a competitive price, the searches by disreputable firms are usually found to be cursory and worthless.

The poorly executed patent search most often is followed by a glowing report and the hustler's push to immediately step-up to a high-priced plan, complete with a contract schedule of "easy payments." Ultimately, no useful services or promotion results are provided by the invention promotion firm, yet payments under the contracted payment plans continue to be demanded. Rip-off firms are known to charge astronomical fees, as much as $800 for "registering" the inventor's idea with the PTO. The registration is, in fact, no more than the $10 filing under the PTO's Disclosure Document Program.

The most obvious clue in identifying the disreputable firm is by their reluctance to name successful inventor customers as business references. This is due to the fact that successful customers simply don't exist. It is hoped that the PTO's media campaign, coupled with the new complaint register, will raise public awareness of the dangers posed by fraudulent invention promotion firms, and that inventors will quickly learn to *skip the scam.*

For more information on these initiatives, contact the Office of Independent Inventor Programs by e-mail at IndependentInventor@uspto.gov or by telephone at (703) 306-5568. Also, check the PTO's Home Page at www.uspto.gov and "click" the Inventors Resource button.

Business Is Booming

Managing growth--while improving quality—is high priority for PTO

The U.S. Patent and Trademark Office is experiencing tremendous growth in application filings for both patents and trademarks. The patent filing growth rate for the previous five years has been 8 percent annually. In fiscal year 1999, however, PTO experienced almost a 13 percent growth rate. Similarly, the growth rate in the trademark area for the previous few years has been about 12 percent annually. In fiscal year 1999, however, trademark filings were up 25 percent.

A number of reasons could account for this increase in growth rate. The shift in the world's economy to the Information Age is one. Many new high-tech businesses, such as computers, software, the Internet, and biotechnology rely disproportionately on intellectual property to protect their inventions. In addition, intellectual property systems have been strengthened world-wide, and the subject matter eligible for patentability has been expanded to areas such as gene sequences, software, and business methods. The increase may be partially attributed also to a strong belief in the quality of the products and services that PTO offers.

One of the ways the PTO is addressing this growth is by expanding its staff. Fortunately, the agency is on the cutting edge of hiring practices with the use of electronic job applications. For example, applicants for patent examiner positions can apply for a job over the Internet, 24 hours a day, 7 days a week.

PTO hired 728 patent examiners in fiscal year 1998 and another 801 examiners in fiscal year 1999 bringing the patent examining corps up to over 3,000 individuals. A majority of these examiners are in the electrical and computer-related arts.

In Trademarks, 230 new examining attorneys have been added to the examining corps since November 1997, almost doubling the size of the workforce in 18 months. Currently, the trademark examining corps totals 367 individuals.

In order to compete in a very competitive job market, the PTO has supplemented the generous government benefits and flexible work schedules already provided to employees. For example, recruitment bonuses and relocation reimbursements aid in the hiring program. Expansion of these types of programs may also encourage patent examiners to stay once they come on board.

Another selling point for recruitment is an examiner work-at-home pilot in the Trademark area. Under this program, trademark examining attorneys work from their homes on specific days of the week. They have access to all of the computer systems available in the main offices and can perform all of the day-to-day functions of an examining attorney while off-site. This year, the highly successful Trademark Work-at-Home program will be expanded from 18 examining attorneys to 80. A successful work-at-home program will help PTO manage the growth of its staff and the associated space requirements.

Another way the PTO is managing its growing workload is through aggressive automation and enhancement of examiner resources.

Improvements to examiner's search capability resources enable more access to prior art than ever before. Today, from a desktop computer, patent examiners can search the full text of over 2.1 million U.S. patents issued since 1971; images of all U.S. patent documents issued since 1790; English-language translations of 3.5 million Japanese patent abstracts; English-language translations of 2.2 million European patent abstracts; IBM technical bulletins — a key database in the software area; over 5,200 non-patent literature journals; and more than 900 databases, including Westlaw, Lexis-Nexis, and Chemical Abstracts.

Trademark customers are now using their favorite Web browser to file more than 2,000 applications per month, without ever leaving the comfort of their home or office. *Yahoo Magazine* has selected the Trademark Electronic Application System (TEAS) as one of the most useful sites on the Internet. One satisfied customer said that it was the "nicest interaction" she ever had with the federal government.

To take full advantage of TEAS and improve customer service, PTO will fully implement the concept of "one stop electronic shopping" in the Trademark Examining Operation. Under this new system, electronically

filed applications will be routed directly to an e-Commerce focused law office for all initial processing, examination, intent-to-use processing, and publication for opposition. The applications will receive prompt examination, probably much faster than their paper counterparts, and applicants will be encouraged to use electronic communication to handle all examination activities associated with the application. The e-Commerce law office will be available to applicants sometime next year.

On the patent side, the PTO launched the Patent Application Information Retrieval (PAIR) system. This now allows restricted Internet access of patent application status to patent applicants or their designated representative without compromising the confidentiality or security of the data. The PAIR Internet site also contains a link to general information on the PTO and a phone listing of patent examiners.

Electronic filing of patent applications is now in a trial phase. In December the PTO received its first utility patent application filed in electronic form. Since September 29, 1999, the PTO has been equipped to receive electronically application data for certain biotech patent filings. With the successful receipt of an Internet filing of a gene sequence listing for a pending biotech application, EFS-BIO was officially inaugurated. These pilots will be expanded to offer electronic filing for all patent applications by the end of 2000.

At the same time, more and more data is available to our customers via the Internet. The PTO Web site is one of the most honored and widely used government Web sites on the Internet. In fact, it has been named for the second year in a row to *Popular Science Magazine's* "50 Best of the Web."

All of these automation improvements are helping the PTO be more responsive to its customers.

In addition to adding staff and automating PTO operations, the agency is also focusing a great deal on quality. Commissioner Dickinson has placed a major focus on agency-wide quality issues and has established an Office of Quality Management that reports directly to him and coordinates all quality improvement efforts.

One area of focus is expanding examiner training. Last year, the PTO devoted over 100,000 hours to training new examiners in PTO procedures.

The existing examiner corps received over 20,000 hours in legal training, over 30,000 hours in training on how to use PTO automated search systems, and over 5,000 hours in technical training.

The PTO is also reaching out to understand its customers' requirements and meet their expectations. For example, Commissioner Dickinson has established a new Office of Independent Inventor Programs, which helps address the special needs of independent inventors. The PTO also conducts annual customer surveys and uses this feedback to measure and improve its service performance. These programs are in addition to focus sessions, customer outreach programs, and internal quality and customer service measurement systems.

The challenges of managing growth while keeping high quality standards, are significant. Through staffing, automation, and quality management, however, the PTO will meet these challenges and continue to provide the quality of products and level of service that its customers expect and deserve.

Helpful Hints
For Trademark Applicants

- To change the correspondence address in a trademark application, submit a written request to the current location of the file. Submitting a new power of attorney or a response on letterhead with a different address is *not* sufficient. You must specifically request a change of address.

- To have a trademark application issue as a registration in the name of a new owner, *you must file a written request for the mark to register in the new name.* When an assignment is recorded in the Assignment Division, the application record is *not* automatically updated with the name of the new owner. If your request is part of another document (e.g., response to an Office action), make sure the request to have the registration issue in the name of the assignee is clearly visible (e.g., use heading or bold print).

- Use the PTO's forms whenever possible for anything and file as much as possible using the Trademark Electronic Application System (TEAS).

- Once an application has been assigned a serial or registration number, place this number clearly on the top right corner of each page of anything sent in to the PTO. Also, include an address to which any return Office correspondence should be sent on each document you submit to the Office.

First Utility Patent Application Filed Electronically

Electronic Filing System pilot moves PTO closer to offering full service e-commerce

Last month, the PTO received its first patent application filed in electronic form. The representing law firm successfully transmitted the appropriate form, a fee transmittal, a complete specification of 29 pages with claims, 7 sheets of informal drawings, and a signed declaration and power of attorney. All were received in complete and readable form, and a filing date was duly granted.

This accomplishment comes on the heals of another successful electronic filing of a gene sequence listing for a pending biotechnology application. That filing inaugurated EFS-BIO, one of the components of the evolving electronic filing system. EFS-BIO eliminates the cost and delay of physically handling, processing, and delivering gene sequence listings.

Unlike trademark applications, patent applications are confidential, presenting the PTO a special challenge. The PTO is using ePAVE, a computer application developed by the agency to provide its customers with a means to enter transmittal information, bundle it with the gene sequence listing, compress the package, and transmit it. To address the confidentially and integrity of the information as it is being transmitted over the Internet, ePAVE leverages PTO's recently deployed Public Key Infrastructure to digitally sign and encrypt the information.

PTO plans to offer electronic filing of most patent applications by the end of the year.

EAST-WEST
Transition to new search systems challenging users' patience

The U.S. Patent and Trademark Office has been experiencing some challenges in its new text and image database search systems--EAST and WEST. EAST and WEST are clients that provide access to PTO's search engine software, known as BRS. WEST, which is Browser-based, was first deployed in August 1998. EAST, which is Windows-based, was deployed in August 1999.

PTO installed EAST and WEST because the old search system, Messenger, wasn't Y2K compliant and was limited to 200 concurrent users. The old search system also had more than 1.5 million lines of custom code in archaic programming languages, which made it very difficult to maintain.

The new search system can handle several hundred users at the same time. EAST and WEST also allow examiners to easily submit a single search transaction and concurrently search all six text databases. Under Messenger, multi-file searching was more difficult and wasn't widely used.

Of course, any time you install new software there are bound to be problems, and PTO has had its fair share. Examiners and public searchers have rightfully been frustrated with the bugs in the system.

The agency is working aggressively to rectify the situation, continuously deploying new software and upgrades to work out the performance problems.

The PTO has installed a new server--the biggest one Hewlett-Packard makes--and faster disk drives and is making improvements to the EAST and BRS software. The agency has also reorganized the text data base. More than 20 "fixes" have been identified for Dataware to incorporate into its BRS Search software product, and they will be implemented this month.

Training for examiners to help them become proficient with the new search systems was offered.

At the same time, managers have been working with the Patent Office Professional Association to identify functions that examiners have expressed a need for. These functions will be incorporated into new software releases as they are developed.

This is going to be a process of continuing improvements, but most of the bugs will be worked out by the end of the month. In fact, 80 percent of searches are now being returned in 30 seconds or less. So, stay tuned.